GREAT PLAINS

Development Company of Canada, Ltd.

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20th ANNUAL REPORT 1969

GREAT PLAINS

Development Company of Canada, Ltd.

The Annual Meeting of Shareholders will be held at 10:00 a.m. on Wednesday, March 11, 1970, at the head office of the Company, 6th floor, 736 - 8th Avenue S.W., Calgary, Alberta.

CONTENTS

COVER

Drilling amid the splender of autumn in the southern Alberta foothills, near Turner Valley.

HIGHLIGHTS

- $9,000,000 and exploration acreage in two areas was received for an interest in Company lands in the Arctic Islands. Great Plains retains, net, after this transaction and after at least four earning wells are drilled by Panarctic, 17 percent to 25 percent in widespread Arctic holdings.
- The first drilling on the Company's Arctic Islands properties, under the Panarctic agreement, will begin in 1970.
- Cash commitments by the participants in the Northern Oil exploration program will be increased by 50 percent, to $7,500,000 per year, commencing in 1970.
- Under the terms of a contract for the sale of Harmattan gas, the Company received the first of seven annual interest-free loans, each of which will exceed $500,000.
- Two completions in a new oil pool added to production at Harmattan; oil was discovered at Senex in northern Alberta; and encouraging gas finds resulted from step-out drilling at Bigoray and Pembina South.
- Increased reserves and plant enlargement at Minnehik will add approximately $600,000 a year to gas revenue, commencing in November, 1970.
- Working capital increased to $6,974,000 at year-end.
- Revenue, oil production and gas production all reached new highs.

FINANCIAL

	1969	1968
Revenue	$ 9,433,000	$ 9,102,000
Loan from Harmattan gas purchaser	$ 512,000	$ –
Sale of property interests	$ 9,233,000	$ 287,000
Cash generated from operations	$ 6,584,000	$ 6,522,000
Per share	$ 2.06	$ 2.04
Net earnings, after provision for deferred income taxes	$ 3,636,000	$ 3,307,000
Per share	$ 1.14	$ 1.04
Dividend	$ 1,278,000	$ 1,278,000
Per share	40¢	40¢
At Year-End		
Working capital	$ 6,974,000	$ 903,000
Long-term debt	$ 3,421,000	$ 4,349,000
Shares outstanding	3,195,614	3,194,739

OPERATING

	1969	1968
Oil and gas liquids production, net barrels	3,029,000	2,890,000
Daily average	8,299	7,896
Gas sales, net millions of cubic feet	8,581	8,539
Daily average	24	23
Sulphur sales, net long tons	12,700	11,500
At Year-End		
Proved reserves, net:		
Oil and gas liquids, barrels	49,571,000	49,770,000
Gas, millions of cubic feet	319,000	302,000
Sulphur, long tons	394,000	408,000
Oil and gas land holdings, net acres	5,405,000	7,740,000

GREAT PLAINS' TWENTIETH YEAR . . .

This is the 20th Annual Report since Great Plains was formed in March, 1950. This portion of the Report is a review of the Company's first 20 years.

Great Plains exemplifies those companies that were started as a result of the enthusiasm engendered by the Leduc and Redwater discoveries in Alberta in the late 1940's. At the time of its incorporation, the Company received $9.5 million in cash from the issuance of notes and 500,000 shares of capital stock. From that date to the present, an additional $117,800,000 has been received from crude oil and natural gas sales, sale of properties, issuance of capital stock and borrowed capital. These funds have been applied as shown below.

TWENTY-YEAR USE OF FUNDS

	1950-1959	1960-1969	20-Year Total	Percentage
Exploration	$ 8,500,000	$ 25,400,000	$ 33,900,000	27%
Development	7,900,000	15,500,000	23,400,000	19
Company acquisitions	–	26,100,000	26,100,000	21
Lease operating	2,100,000	13,600,000	15,700,000	12
Administrative and general	1,100,000	1,900,000	3,000,000	2
Interest	2,400,000	2,500,000	4,900,000	4
Debt redemption	–	6,400,000	6,400,000	5
Dividends	–	6,900,000	6,900,000	5
Increase in working capital	3,000,000	4,000,000	7,000,000	5
	$25,000,000	$102,300,000	$127,300,000	100%

For the $83,400,000 expended on exploration, development and company acquisitions, Great Plains acquired 15,355,000 net acres of petroleum and natural gas leases and 1,450,000 net acres of mining leases, claims and permits of which, respectively, 5,405,000 net acres and 1,041,000 net acres are held at year-end; participated in the drilling of 368 exploratory wells; and found or purchased net proved reserves of 76,691,000 barrels of oil and gas liquids, 368,000 million cubic feet of gas and 459,600 long tons of sulphur, or a total of 107,627,000 equivalent barrels.

For the $15,700,000 expended on lease operating costs, the Company has produced 27,120,000 barrels of oil and gas liquids, 49,000 million cubic feet of gas and 65,600 long tons of sulphur. On an equivalent barrel basis, this amounts to 50 cents per barrel produced.

At the close of the twentieth year, the Company has a revenue base approaching $10 million annually, and a strong working capital position of $6,974,000. Great Plains enters its third decade with acreage strategically located in prospective exploratory areas extending from the Arctic Islands to the southern Alberta foothills and a greater dedication of finances toward exploration for oil, gas and metals than ever before.

OIL AND GAS EXPLORATION

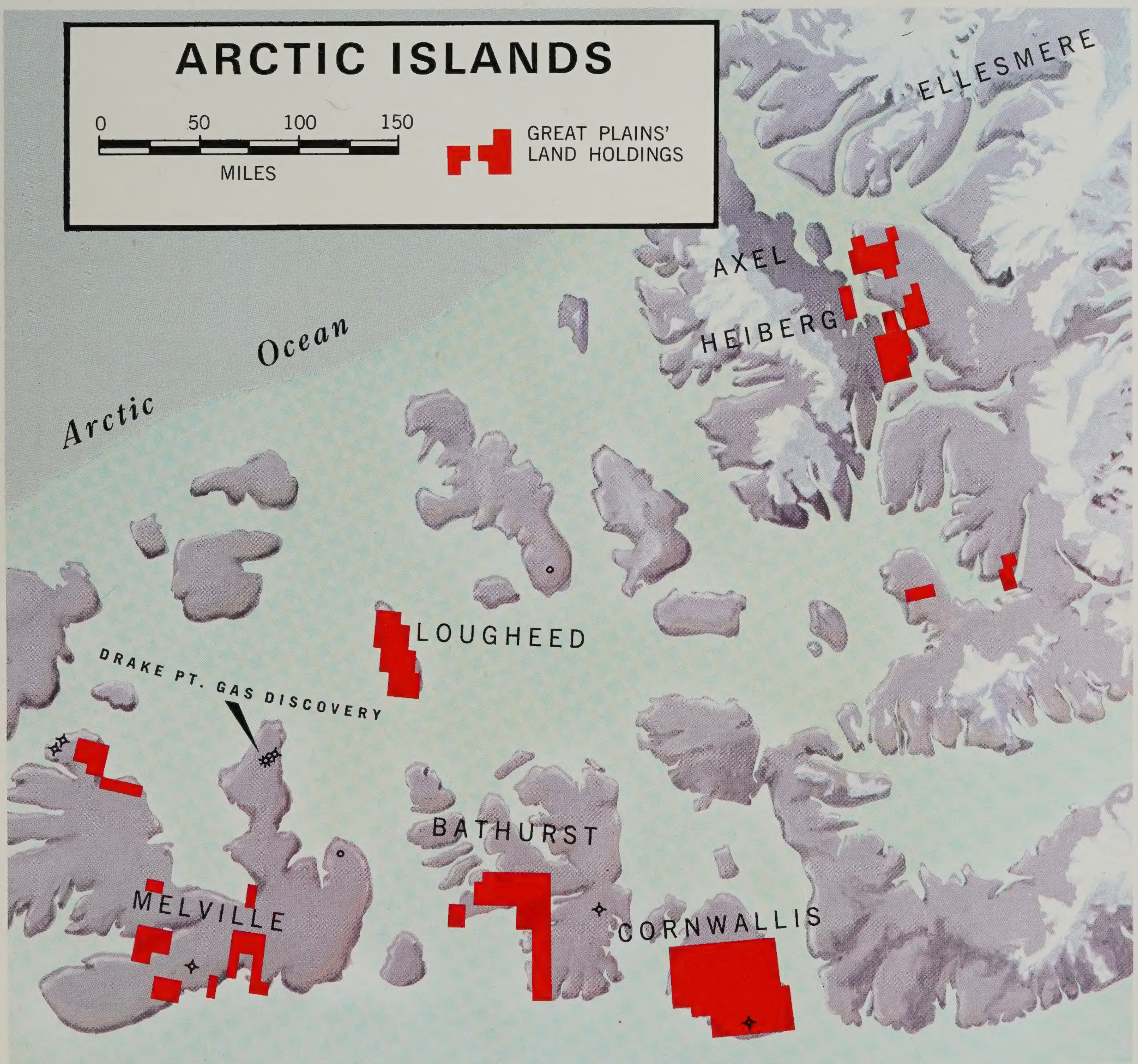
The Company's total expenditures on oil and gas exploration, including land acquisitions, reached a record level of $4,510,000 in 1969. Of this sum, $2,380,000 was expended in the Northern Oil exploration program, and $2,130,000 on properties held by Great Plains outside the joint venture.

The Northern Oil exploration program, shared 40 percent by Great Plains, 40 percent by Barber Oil Corporation and 20 percent by Noranda Mines, originally provided for an annual commitment of $5,000,000 continuing to December 31, 1971. The participants have agreed to increase the annual commitment, commencing in 1970, to $7,500,000. Under the enlarged program, the December 31, 1971 termination date has been removed and the joint venture placed on a continuing two-year notice basis.

In 1969, the Company participated in an oil discovery at Senex in north-central Alberta. The initial results were encouraging, the discovery well being completed as a good producer with a 58-foot productive zone in the Keg River formation. Follow-up wells, however, have proved disappointing with thin productive zones and low productivity. Several minor oil and gas discoveries were also made in other areas.

Following is a summary of the exploration activity of special interest planned in 1970.

• Beginning in 1970 and continuing in 1971, four or possibly five wells will be drilled on the Company's Arctic Island acreage farmed out to Panarctic Oils. The wells will be drilled at no cost to Great Plains and the timing, within this two-year period, is at the discretion of the operator. Their probable locations are at Melville Island, Lougheed Island and the Fosheim anticline at Eureka Sound on Ellesmere Island. This drilling represents estimated expenditures by others in the order of $8,000,000 or more and Great Plains will retain interests of 17 to 25 percent in the acreage on which it will be conducted.



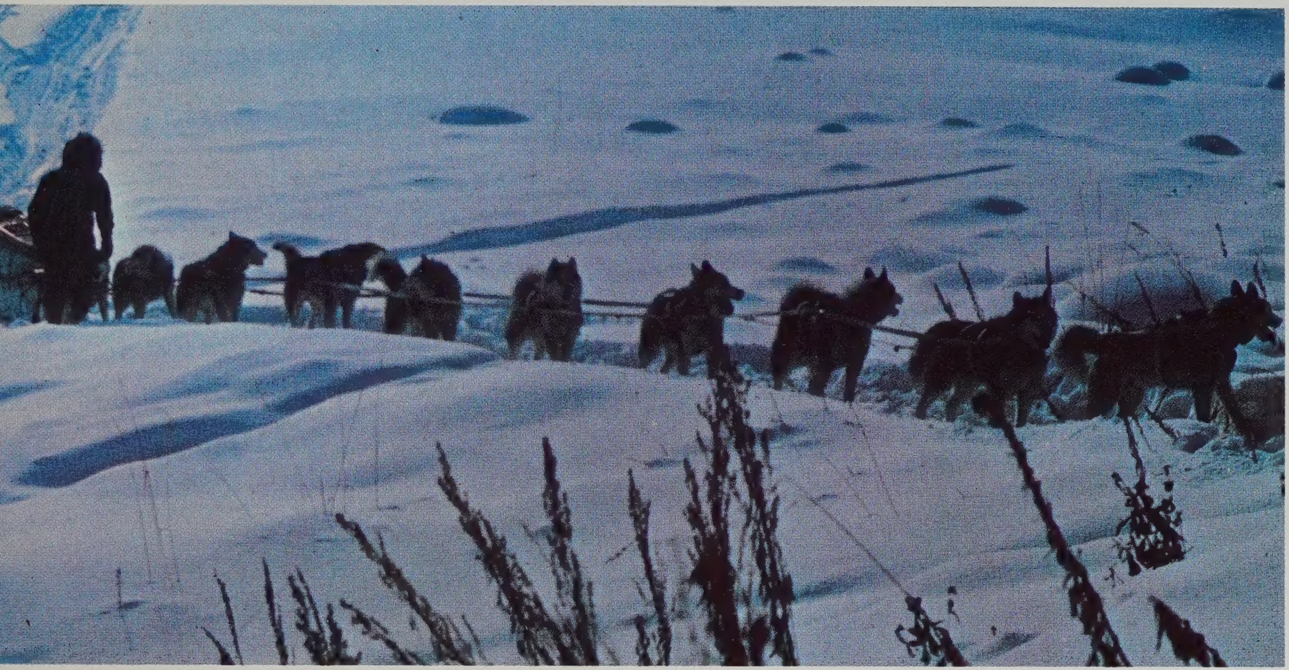
Petroleum industry personnel working in the Old Crow area of the Yukon Territory are accustomed to living under canvas for protection from the often severe elements.

• In the Old Crow area along the Alaska-Yukon border, where exploration rights are held on 2,067,000 gross acres, seismic surveys conducted in 1969 indicate the presence of sedimentary deposits. Further seismic and gravity surveys are planned for 1970.

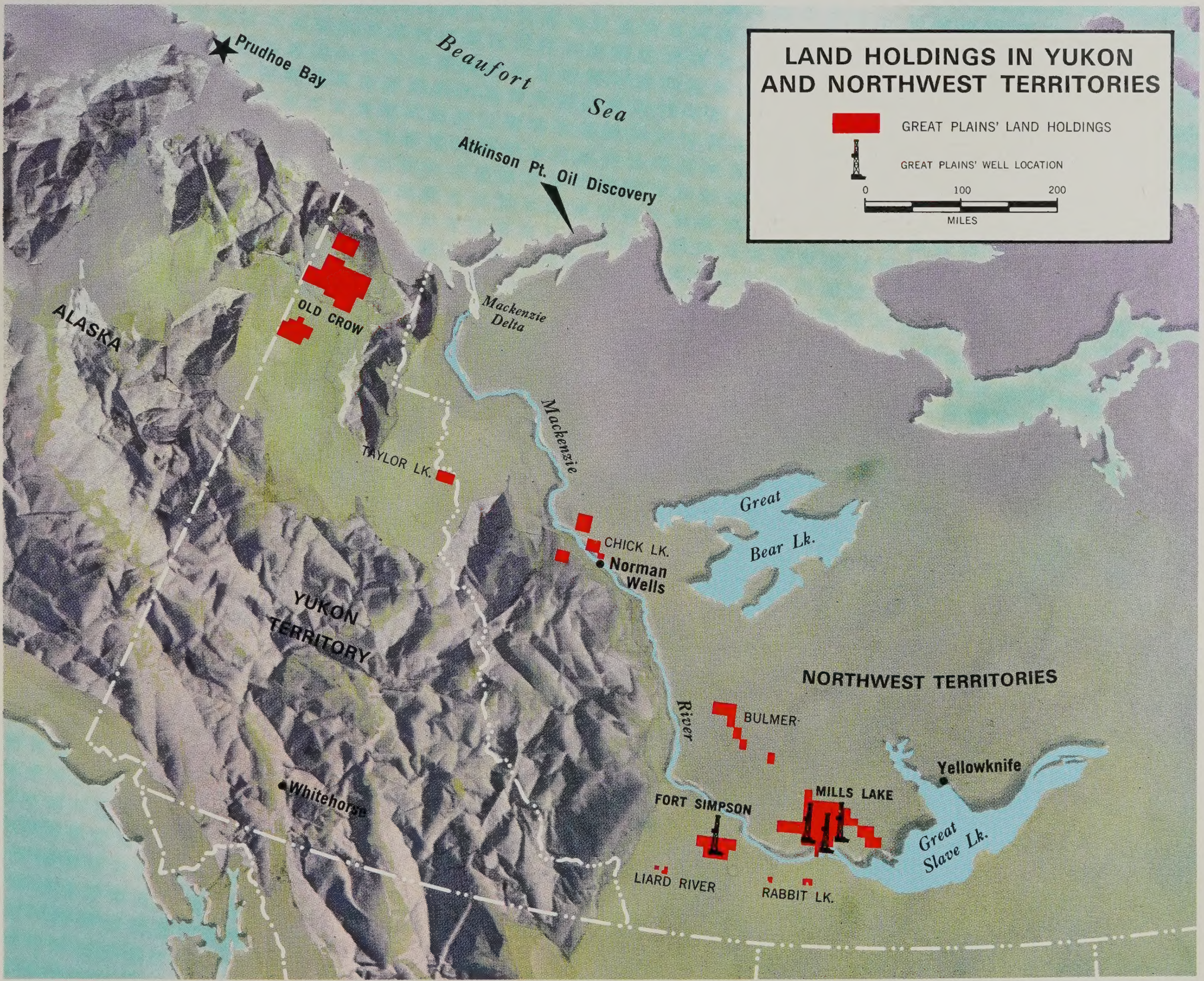
• Great Plains holds varying interests in 2,676,000 gross acres in the Fort Simpson - Mills Lake area of the Northwest Territories. In this general area of extremely high industry interest, at least four wells will be drilled on Company lands.

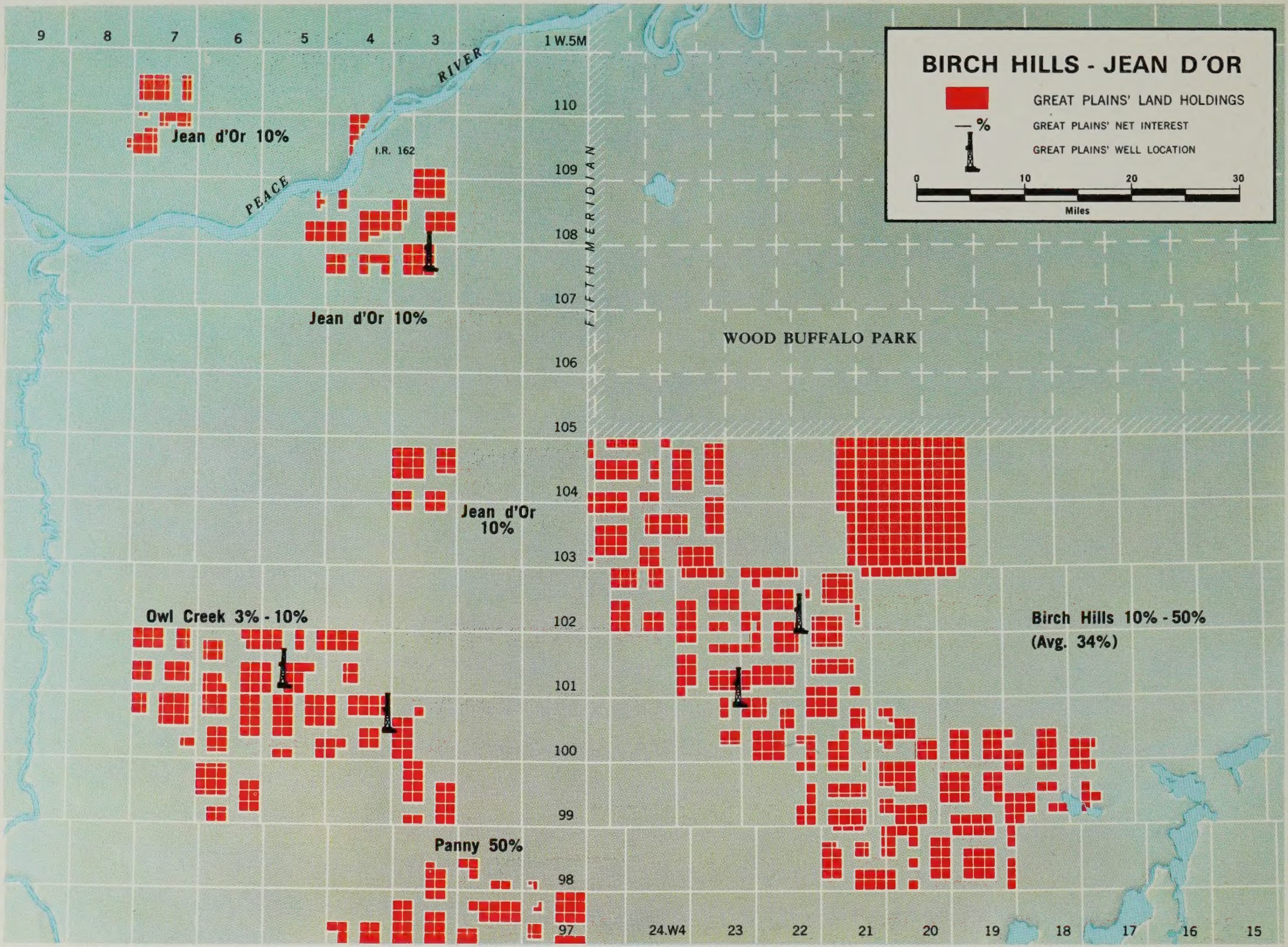
The hardened gaze of RCMP Special Constable Peter Benjamin framed by a frost-tipped parka evinces the challenge of life in the Far North.

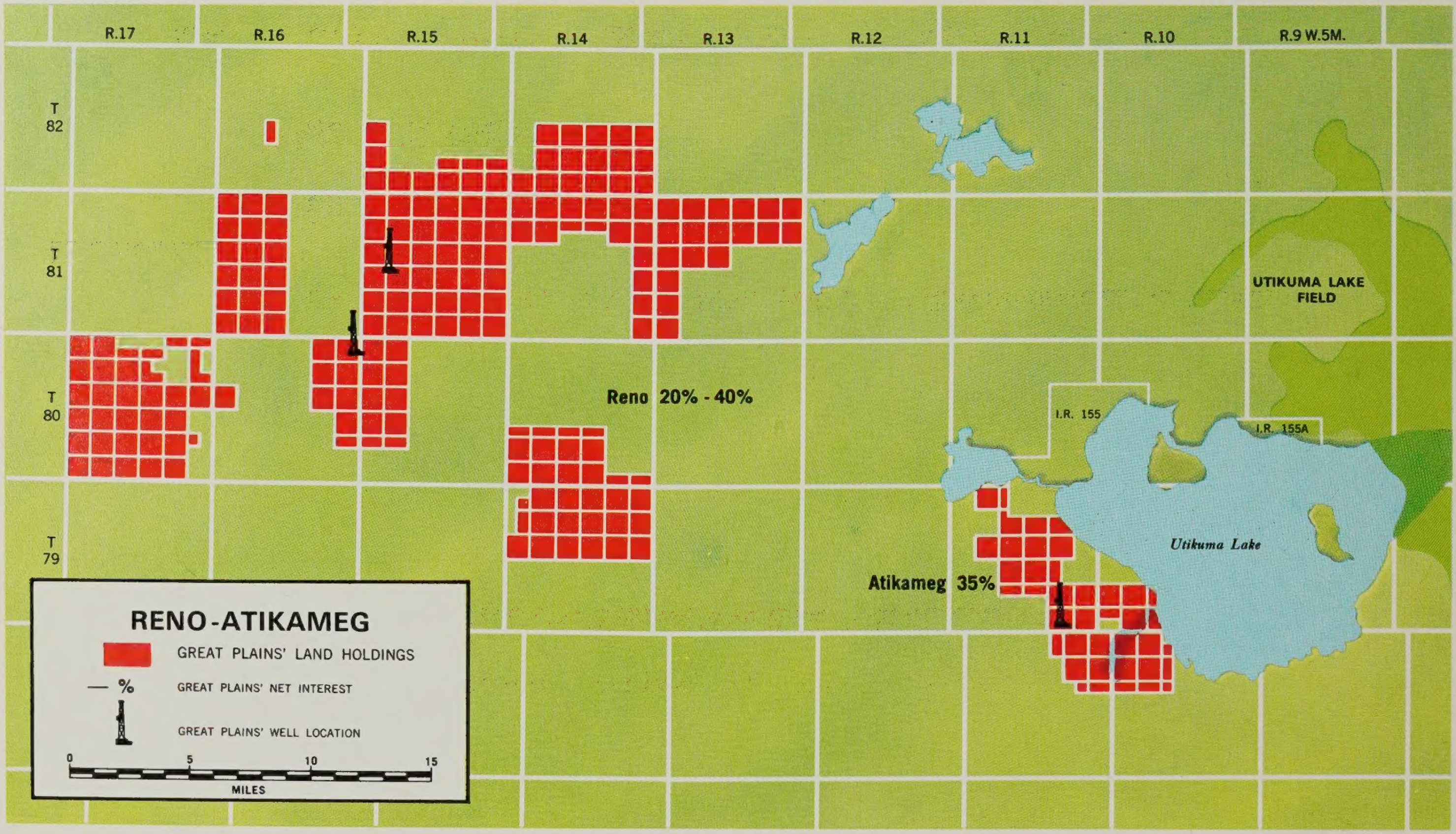
A reflection shot-point explosion at Willow Lake on the western side of the Old Crow basin during a sedimentary survey conducted by the Company.



A two-man RCMP Patrol has made the 200-mile Old Crow to Fort McPherson trip each winter since the 1930's, checking on the welfare of isolated trappers and families and maintaining law and order. Photographed during its final trip, this dogsled and Siberian husky team have now been retired, giving way to mechanized vehicles.




BIRCH HILLS - JEAN D'OR
GREAT PLAINS' LAND HOLDINGS
— % GREAT PLAINS' NET INTEREST
GREAT PLAINS' WELL LOCATION
0 10 20 30
Miles
9 8 7 6 5 4 3 1 W.5M
RIVER
PEACE
I.R. 162
FIFTH MERIDIAN
110 109 108 107 106 105 104 103 102 101 100 99 98 97
Jean d'Or 10%
Jean d'Or 10%
Jean d'Or 10%
WOOD BUFFALO PARK
Owl Creek 3% - 10%
Birch Hills 10% - 50%
(Avg. 34%)
Panny 50%
24.W4 23 22 21 20 19 18 17 16 15


R.17 R.16 R.15 R.14 R.13 R.12 R.11 R.10 R.9 W.5M.
T 82
T 81
T 80
T 79
UTIKUMA LAKE FIELD
Reno 20% - 40%
I.R. 155
I.R. 155A
Utikuma Lake
Atikameg 35%
RENO-ATIKAMEG
GREAT PLAINS' LAND HOLDINGS
— % GREAT PLAINS' NET INTEREST
GREAT PLAINS' WELL LOCATION
0 5 10 15
MILES

• Following up leads from drilling in the prior year, five wells will be drilled in the Birch Hills - Jean d'Or - Owl Creek areas of northeastern Alberta. The Company has interests in 512,000 gross acres prospective for Keg River reef in this general area.

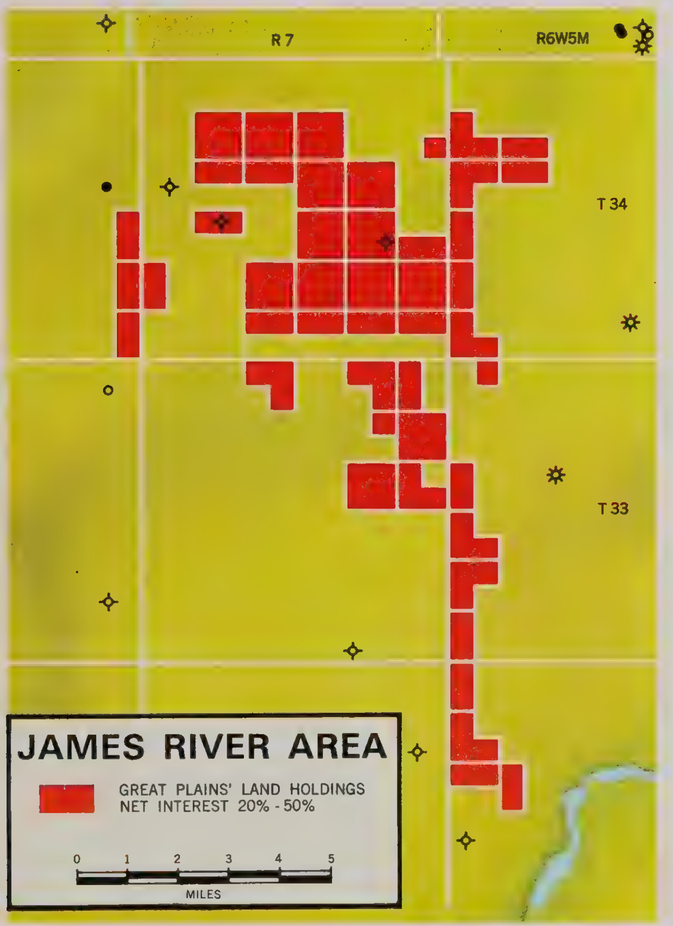
• Three wells and additional seismic are planned at Reno - Atikameg, where the Company has interests in 228,000 gross acres.

• The Company holds an interest in 20,000 acres at James River near the prolific Strachan-Ricinus gas area. One, and possibly two tests of the Leduc-Beaverhill Lake formation are planned for this area in 1970.

• A deep test to the Devonian formation will be drilled on acreage at Beaver in southwestern Alberta, near the Waterton gas field.

• Exploration wells are also planned or being drilled in Alberta at Amber River, Mink Lake, Kimiwan, Big Lake and Weald; and in British Columbia at Poplar Hills.

• Additional drilling is planned in other areas throughout the year.



Industry Comment

Alaska continued to dominate the North American oil news in 1969. Oil companies invested over nine hundred million dollars in land purchases in that area of prolific reserves, which is a significant testimonial to future prospects. The year has witnessed greater realization that the immense reserves of Alaska are needed for the North American supply pattern; petroleum needs in the United States are growing faster than supply.

At the time of writing, there is still no official decision by the United States administration about import regulations. Indications are that they will allow Canada to export more oil and, through offshore importation, attempt to restrain American crude prices. Canadian crude is already priced below equivalent production in the United States.

Land Holdings

Great Plains owns 5,405,000 net acres out of 14,203,000 gross acres, including its interest in the holdings of Northern Oil. During the year the Company acquired 453,000 net acres and sold, surrendered or released its interests in 2,788,000 net acres.

Included in the more significant acquisitions were 187,000 acres of permits at Fort Simpson in the Northwest Territories and 31,000 acres of leasehold at Panny in northeastern Alberta, obtained in the sale of the Arctic Islands interests. The Company also has a 25 percent interest in a 12,000-acre reservation purchased in the James River area for $4,354,000. Substantial acquisitions of exploratory acreage were also made in 14 other areas of western Canada by purchase, farm-in or trade.

The most significant reduction occurred through the sale of 1,827,000 net acres in the Arctic Islands for $9,000,000 and the aforementioned acreage interests. In addition, 185,000 net acres were surrendered on conversion of permits or reservations and 776,000 net acres were released after evaluation.

OIL AND GAS LAND HOLDINGS as at December 31

	1969		1968	
	Gross Acres	Net Acres*	Gross Acres	Net Acres*
Alberta	2,444,000	792,000	2,296,000	792,000
British Columbia	134,000	49,000	139,000	50,000
Saskatchewan	1,169,000	217,000	1,829,000	740,000
Manitoba	5,000	3,000	18,000	7,000
Ontario	84,000	–	84,000	–
Yukon and Northwest Territories	5,263,000	2,036,000	4,902,000	1,957,000
Arctic Islands	4,448,000	2,046,000	4,448,000	3,873,000
Offshore, East Coast	656,000	262,000	803,000	321,000
	14,203,000	5,405,000	14,519,000	7,740,000

* Excludes royalty interests.

MINING EXPLORATION

Mining exploration continued at a high level in 1969. Expenditures by the Company were $485,000 and total cost of programs operated by Great Plains, including partners' share, was $900,000.

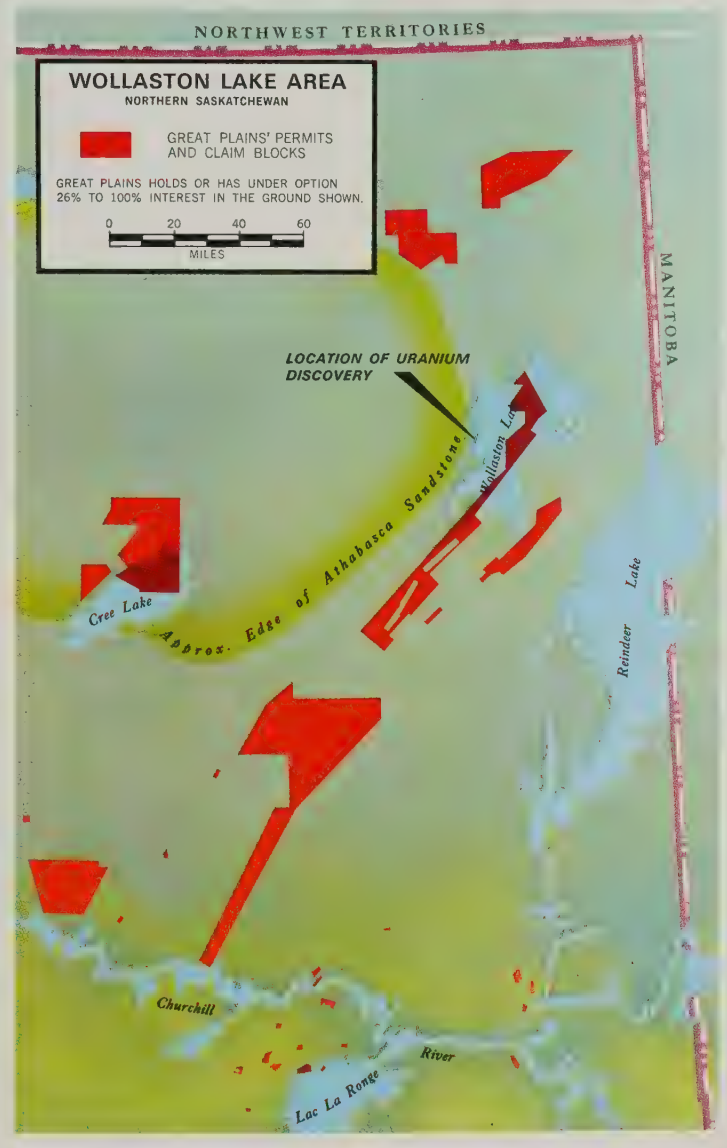
Great Plains' most extensive mineral holdings are in the Wollaston Lake area of northern Saskatchewan, where 989,000 net acres out of 2,030,000 gross acres are held. About 30,000 miles of airborne radiometric surveys were flown in the past summer to aid in the selection of the areas with the most potential. Further checking and drilling of anomalies is planned for 1970, to evaluate copper mineralization and indications of uranium found in the past field season.

In British Columbia, claims and leases held in the Highland Valley, Kwanika Creek, Stikine River and Iron Mask areas total 18,700 net acres out of 23,400 gross acres. Copper mineralization found on all four properties will be followed up with additional ground checking and possibly drilling in 1970.

MINERAL LAND HOLDINGS
as at December 31, 1969

	Gross Acres	Net Acres
Saskatchewan . . .	2,060,000	1,019,000
British Columbia . .	27,000	22,000
	2,087,000	1,041,000

The Company is also a member of exploration groups owning properties and exploring in the Yukon Territory, Ontario and New Brunswick.



DRILLING

Exploratory

During the year the Company participated in 63 exploratory tests in which it had interests equivalent to 9 net wells. Thirty-eight of the wells were drilled at no cost to Great Plains on acreage optioned or farmed out and 8 were completed as minor oil or gas wells.

Development

Of 68 development wells drilled, 49 were completed as oil or gas wells. The Company's interest in this drilling is equivalent to 19 net wells. The principal areas of development drilling in Alberta were at Pembina, where there were 6 Cardium oil wells, at Senex where there were 11 Keg River oil completions, and at Harmattan where 2 new Mississippian oil wells increased the productivity of that area. At Judy Creek, oil was found in 2 wells drilled to the Viking formation. In the Butte area of Saskatchewan, there were 13 oil completions. Step-out drilling in the general Pembina South - Bigoray areas resulted in 3 Pekisko and Lower Cretaceous gas finds with good potential.

Seismic operations in the Beaver area of Southern Alberta.

PRODUCTION

Net crude oil and gas liquids production averaged 8,299 barrels a day in 1969, an increase of 403 barrels a day, or 5 percent over the prior year. The increase resulted from higher allowables, new wells at Pembina, Harmattan and Butte, and the installation of two new secondary recovery schemes.

Gas sales increased for the eighth consecutive year, totalling 8,581 million cubic feet, as compared to 8,539 million cubic feet in 1968. A substantial enlargement of the Minnehik - Buck Lake plant will increase gas volumes from that area by over 50 percent late in 1970. When placed on stream, the enlarged plant will provide an additional $600,000 of revenue annually to the Company. A small gas plant in the Judy Creek area was placed on stream during the year.

While sulphur production and sales volumes remained fairly steady, the average price per ton was $23.46, a 37 percent decrease due to a surplus in world markets. Production was 16,700 long tons,

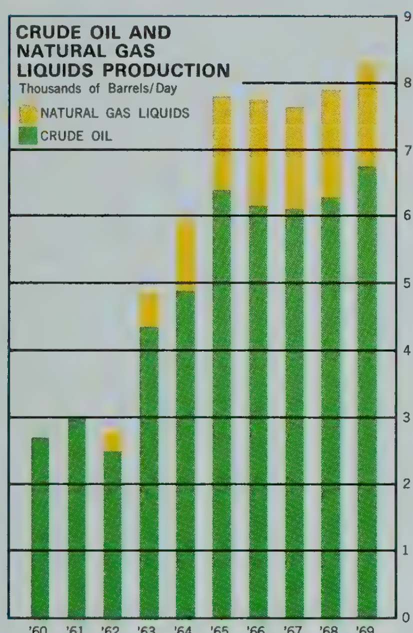
CRUDE OIL PRODUCTION - Net Barrels

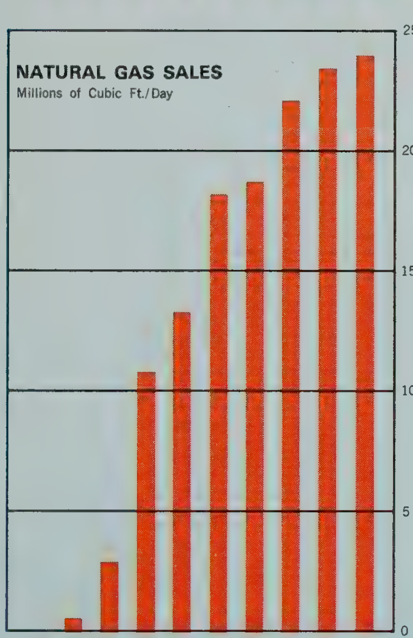
ALBERTA	1969	1968
Bigoray	107,000	121,000
Hamilton Lake	100,000	87,000
Harmattan	104,000	97,000
Nevis	35,000	48,000
Normandville	52,000	55,000
Pembina	1,191,000	1,041,000
Turner Valley	65,000	55,000
Other Areas	238,000	214,000
SASKATCHEWAN		
Butte	119,000	81,000
Steelman	126,000	138,000
Weyburn	97,000	105,000
Workman	72,000	83,000
Other Areas	71,000	74,000
Royalty Interests	88,000	97,000
	2,465,000	2,296,000

Net Production of Natural Gas, Gas Liquids and Sulphur

	Natural Gas, Millions of Cubic Feet		Gas Liquids, Barrels		Sulphur, Long Tons	
	1969	1968	1969	1968	1969	1968
Calgary	1,768	1,714	51,000	47,000	11,400	12,200
Harmattan	*	*	418,000	440,000	3,800	4,100
Minnehik-Buck Lake	4,348	4,688	72,000	84,000	1,000	1,300
Other Areas	2,465	2,137	23,000	23,000	500	800
	8,581	8,539	564,000	594,000	16,700	18,400

*Gas is being reinjected after the extraction of liquids.





as compared to 18,400 long tons in 1968. Sales totalled 12,700 long tons and 4,000 long tons were stockpiled. At year-end, the Company's sulphur inventory totalled 14,400 long tons, equal to about 10 months' production.

Thermal Recovery

The thermal recovery experimental project at Cold Lake continued during the year. Three new pressure and temperature observation wells were drilled to monitor the progress of the steam in the heavy oil reservoir. To date, over 50,000 barrels of oil have been produced.

After being shut down due to fire damage, operations have resumed at another thermal recovery project near Cold Lake, in which Great Plains has a no-cost 25 percent interest.

RESERVES

The Company's net reserves, after deducting all royalties and working interests of others, are shown in the accompanying table. Reserves added by development drilling and enhanced secondary recovery projects more than offset crude oil and natural gas production during the year. Heavy oil reserves at Cold Lake and the Athabasca Tar Sands are not included in these estimates.

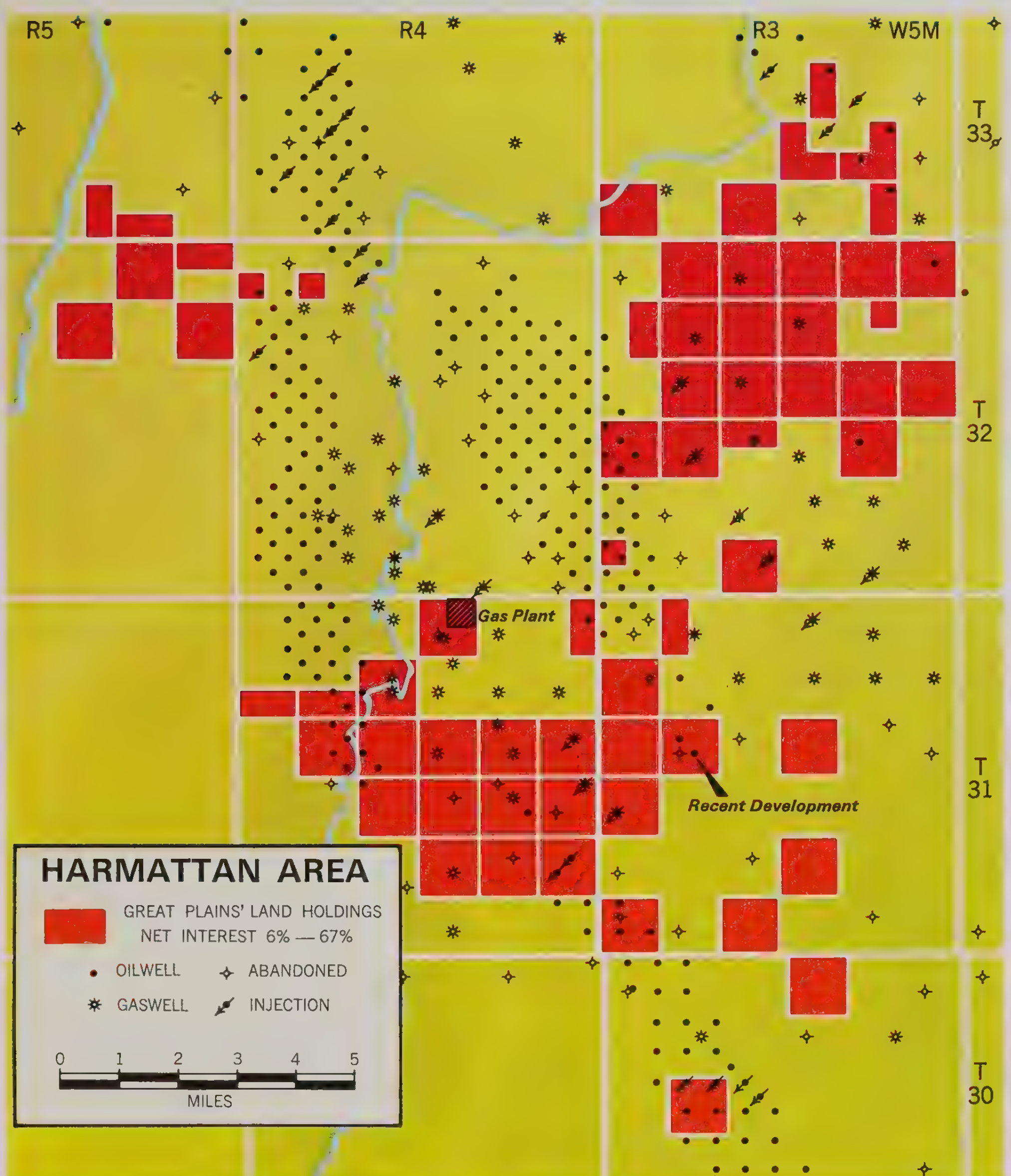
Proved net reserves of crude oil, natural gas liquids, natural gas and sulphur are equivalent to 76.4 million barrels. For 1969, reserves of natural gas and sulphur were converted at rates of one barrel per 13.5 thousand cubic feet and 8 barrels per long ton, these being the approximate average price equivalents.

Because of conservation regulations, the Company is prohibited from selling Harmattan gas in order to maintain pressure and improve oil recovery in the associated pools. Harmattan comprises 48 percent of the Company's total gas reserve.

The life for proved and probable reserves at present rates of production is 18 years for crude oil and natural gas liquids, and 36 years for natural gas.

NET RESERVES - after royalties
December 31, 1969

	Crude Oil (Barrels)	Natural Gas Liquids (Barrels)	Natural Gas (Millions of Cubic Feet)	Sulphur (Long tons)
Proved — Developed	38,203,000	10,809,000	319,000	394,000
— Undeveloped	559,000	–	–	–
Probable	2,451,000	–	8,000	–
Total	41,213,000	10,809,000	327,000	394,000



FINANCIAL

In 1969 net earnings, after provision for deferred income taxes, reached a new high of $3,636,000 or $1.14 a share, up 10 percent from $3,307,000 or $1.04 a share earned in 1968. Cash generated from operations was $6,584,000 or $2.06 a share, as compared to $6,522,000 or $2.04 a share in the previous year. A dividend of 40 cents a share was again declared, payable on January 5, 1970.

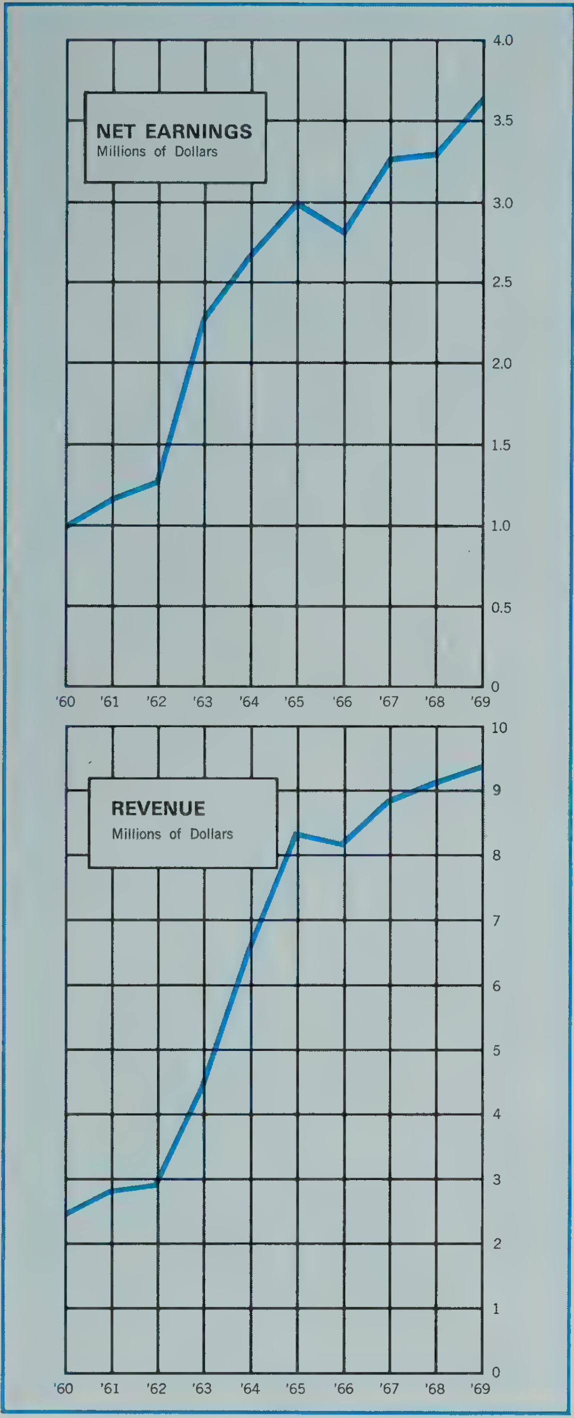
Total revenue was $9,433,000, compared with $9,102,000 in the prior year. The Company's sources of revenue were as follows:

Crude oil	$6,079,000	65%
Gas liquids	1,269,000	14
Gas	1,540,000	16
Sulphur	298,000	3
Interest and other	247,000	2
	$9,433,000	100%

Capital expenditures totalled $7,644,000, an increase of $1,861,000 from the previous year. Of the increase $1,138,000 was expended for exploration and the balance on development drilling. The accompanying table gives a breakdown of these capital expenditures for 1969.

During the year, the Company sold interests in various properties for a consideration of $9,233,000 and exploration acreage. Of this consideration, $9,000,000 and the exploration acreage pertained to the sale of a 50 percent interest in the Arctic Islands holdings farmed-out to Panarctic Oils. The balance was received from the disposal of small producing properties.

Although the production of Harmattan gas is currently prohibited by conservation regulations, the Company has entered into a gas sales contract to take effect when production is eventually permitted. In accordance with the terms of the contract, an interest-free loan of $512,000 was received during the year and similar annual payments of approximately $560,000 will be received during each of the next six years. These loans are refundable to the gas purchaser commencing later in the 1970's when full deliveries of the contracted volumes are anticipated. At that time, Great Plains' annual revenue from Harmattan gas sales will be about $2,000,000. The contract stipulates that the Company receive escalated gas prices prevailing when sales actually begin and includes price renegotiation provisions.



White Paper On Taxation

The Canadian Government's White Paper on Taxation has met with growing opposition throughout Canada, as the proposed changes are examined in detail and their ramifications more fully understood. Considerable criticism has already been expressed on a number of the proposals that are impractical or would have inequitable consequences. Of greater significance is the major task, still ahead, of assessing the long-term impact of the proposed tax reforms on the future economic growth of Canada.

There is no doubt that the many proposals applicable to the taxation of capital gains, such as the five-year revaluation, would have a detrimental effect on investment in Canada. Further, the proposed integration policy, grossing-up dividends, could cause dissemination of funds that otherwise would be retained for the needed development of Canadian industry. Many companies will need to re-appraise their dividend policy if this proposal prevails. Buried in the background lies the most unfortunate feature of all — the obvious belief of the Government that it needs to take a greater and greater amount of the country's output to finance its own expenditures. In this latter regard, there would be little hope that the total of federal and provincial taxation would remain long at the maximum 51 percent rate suggested in the White Paper.

It has taken the Government almost seven years to set forth their tax reform proposals in a White Paper. On a matter of this importance, it is imperative that ample time and opportunity be given to individuals and industry to prepare and submit constructive submissions, and that the Government thoroughly digest such information prior to enacting any major revisions in tax legislation.

1969 CAPITAL EXPENDITURES

Oil and Gas Exploration		
Land acquisitions and rentals	$1,895,000	
Drilling	1,145,000	
Geological, geophysical and other	1,470,000	$4,510,000
Mining Exploration		485,000
		4,995,000
Development		
Drilling	1,649,000	
Plant, production and other equipment	1,000,000	2,649,000
		$7,644,000

Employees

The Company's ability to realize its potential for growth and to achieve efficient operations is dependent in large measure upon the performance of its employees. In 1969, as in prior years, the employees carried out their responsibilities capably.

At year-end the combined staffs of Great Plains and Northern Oil totalled 124, an increase of 11 employees over the year. The additional staff is essentially professional and technical personnel required in exploration and development operations. Ninety-seven employees work in the Calgary office and 27 in the field, the latter in producing operations involving 380 wells. Nearly 30 percent of the staff have professional status, primarily as engineers and geologists. Eighty-one employees are shareholders through participation in a savings plan, which makes regular purchases of Company stock.

Employees are encouraged to participate in a broad range of industry and civic activities, and the Company is proud of their acceptance of responsibility in such undertakings.

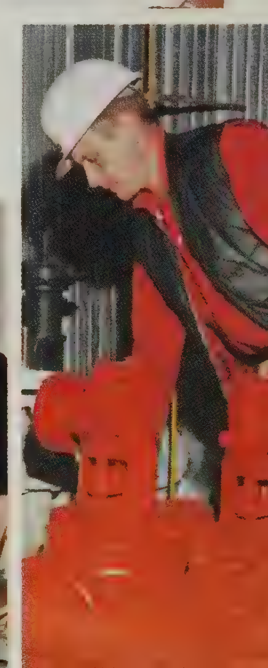
* * * *

At the Annual Meeting of Shareholders held on March 18, 1969, Dr. Kenneth V. Stringer, of London, England, was elected to the Board of Directors.

On behalf of the Board,

DAVID E. MITCHELL
President

Calgary, Alberta
January 27, 1970.



CONSOLIDATED STATEMENT OF EARNINGS

For the years ended December 31, 1969 and 1968

	1969	1968
REVENUE		
Production	$9,186,000	$9,071,000
Interest, dividends and other	247,000	31,000
	9,433,000	9,102,000
EXPENSE		
Operating	2,321,000	2,164,000
General and administrative	169,000	153,000
Interest	359,000	263,000
	2,849,000	2,580,000
CASH GENERATED FROM OPERATIONS	6,584,000	6,522,000
Provision for depletion	1,827,000	2,164,000
Provision for depreciation	479,000	467,000
	2,306,000	2,631,000
NET EARNINGS BEFORE PROVISION FOR DEFERRED INCOME TAXES	4,278,000	3,891,000
Provision for deferred income taxes (Note 5)	642,000	584,000
NET EARNINGS	$3,636,000	$3,307,000
Net earnings per share	$1.14	$1.04

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the years ended December 31, 1969 and 1968

	1969	1968
BALANCE at beginning of year	$18,945,000	$16,916,000
Net earnings	3,636,000	3,307,000
	22,581,000	20,223,000
Dividend declared	1,278,000	1,278,000
BALANCE at end of year	$21,303,000	$18,945,000

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1969 AN

ASSETS

	1969	1968
CURRENT ASSETS		
Cash	$ 272,000	$ 202,000
Short term investments, at cost, which approximates market	7,817,000	1,500,000
Accounts receivable	6,505,000	2,966,000
Inventories—at lower of cost or realizable value	261,000	203,000
	14,855,000	4,871,000
PROPERTY, PLANT AND EQUIPMENT (Note 1)		
Petroleum, natural gas and mineral properties including exploration and development thereof	60,209,000	62,769,000
Plant, production and other equipment	13,037,000	12,280,000
	73,246,000	75,049,000
Less: Accumulated depletion and depreciation (Note 6)	22,995,000	20,902,000
	50,251,000	54,147,000
OTHER ASSETS		
Prepaid expenses and sundry deposits	238,000	330,000
Investment in pipeline companies, at cost	11,000	11,000
	249,000	341,000
	$65,355,000	$59,359,000

The accompanying notes are an integral part of the financial statements.

LIABILITIES

	1969	1968
CURRENT LIABILITIES		
Accounts payable and accrued charges	$ 2,314,000	$ 2,159,000
Dividend payable	1,278,000	1,278,000
Current portion of long-term debt	421,000	531,000
Due to affiliated company	3,868,000	–
	7,881,000	3,968,000
LONG-TERM DEBT (Note 2)	3,421,000	4,349,000
DEFERRED INCOME TAXES (Note 5)	5,002,000	4,361,000

SHAREHOLDERS' EQUITY

	1969	1968
CAPITAL STOCK (Note 3)		
Authorized 6,000,000 shares of $1 par value		
Issued 3,195,614 shares (1968 — 3,194,739)	3,196,000	3,195,000
CONTRIBUTED SURPLUS (Note 3)	24,552,000	24,541,000
RETAINED EARNINGS	21,303,000	18,945,000
	49,051,000	46,681,000

Signed on behalf of the Board:

David E. Mitchell, Director

Robert F. Buchanan, Director

	1969	1968
	$65,355,000	$59,359,000

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

For the years ended December 31, 1969 and 1968

	1969	1968
FUNDS WERE OBTAINED FROM:		
Revenue	$ 9,433,000	$9,102,000
Less: Operating, general and administrative and interest expenses	2,849,000	2,580,000
Cash generated from operations	6,584,000	6,522,000
Issuance of capital stock	12,000	4,000
Increase in long-term debt	1,512,000	1,500,000
Sale of property interests	9,233,000	287,000
Miscellaneous	92,000	(97,000)
	17,433,000	8,216,000
FUNDS WERE USED FOR:		
Exploration, including land acquisitions	4,995,000	3,857,000
Development	2,649,000	1,926,000
Reduction of long-term debt	2,440,000	919,000
Dividend declared	1,278,000	1,278,000
	11,362,000	7,980,000
INCREASE IN WORKING CAPITAL	$ 6,071,000	$ 236,000

The accompanying notes are an integral part of the financial statements.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Great Plains Development Company of Canada, Ltd. and subsidiaries as at December 31, 1969 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the Companies as at December 31, 1969 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
January 23, 1970

(Signed) RIDDELL, STEAD & CO.
Chartered Accountants.

NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 1969

1. Accounting Policies

Included in the consolidated statements are the accounts of all subsidiaries of the Company, all of which are wholly-owned. The excess of the consideration paid for the shares of purchased subsidiaries over their net book values at dates of acquisition is included in property, plant and equipment in the consolidated balance sheet.

The companies follow the full-cost method of accounting wherein all costs relative to the exploration for and the development of oil, gas and related reserves and other minerals are capitalized. Such costs include acquisition costs, geological and geophysical expense, carrying charges of non-producing properties, costs of drilling both productive and unproductive wells, production equipment and gas facilities, mineral exploration costs, and all technical and administrative overhead directly associated with these functions. Proceeds received from disposal of properties are credited against such costs. Due primarily to sale of an interest in the Company's Arctic properties, these proceeds in 1969 totalled $9,233,000. Net costs are amortized on the composite unit of production method based on total estimated proved developed reserves.

2. Long-term Debt

Details of the Company's long-term debt, as at December 31, 1969, are as follows:

Bank production loans	$3,330,000
Loans from gas purchaser	512,000
	3,842,000
Less amounts included in current liabilities	421,000
	$3,421,000

Bank production loans, maturing at varying dates to December 31, 1975, are repayable in monthly installments together with interest at bank prime rates for such loans and are secured by an assignment of the companies' interests in certain producing properties.

Loans from a gas purchaser totalling $512,000 have been received to December 31, 1969 and further similar amounts will be received annually thereafter until the end of 1975. These interest-free loans are repayable in equal annual installments later in the 1970's when full gas deliveries are anticipated from the Harmattan field. Conservation regulations currently prohibit the marketing of this gas.

3. Capital Stock

At December 31, 1969, 56,250 shares of capital stock are reserved for issuance under an Incentive Stock Option Plan, of which options have been granted to employees, including officers, to purchase 50,250 shares at prices ranging from $9.90 to $23.85 per share. These options are exercisable cumulatively in four equal installments commencing one year after date of option and all expire on or before November 17, 1974. During 1969, 875 shares were issued for a consideration of $10,913, of which $875 has been credited to capital stock and the balance of $10,038 to contributed surplus.

4. Commitments

Under the terms of an amended agreement between the Company, Barber Oil Corporation and Noranda Mines Limited, the Company has agreed to expend $3,000,000 per year for at least each of the next two years as its proportionate share of a joint exploration program in Canada. Such exploration operations are being conducted in the name of Northern Oil Explorers Ltd. on behalf of the above participants.

5. Income Taxes

Under Canadian income tax law, exploration and development expenditures, including costs of oil and gas rights, may be deducted from income and any excess may be carried forward to subsequent years. In addition, capital cost allowances which are in excess of the depreciation recorded in the accounts may be claimed. As a result of claiming the maximum amounts allowed, no income taxes have been paid by any of the companies to date, and as at December 31, 1969, the companies have accumulations of unused deductions totalling approximately $4,900,000 available to apply against future taxable income.

In determining reported net income, the companies provide for deferred income taxes. Although the utilization of maximum available tax credits eliminates any current income tax liability, it will result in the payment of higher taxes in the future when recorded charges exceed those available for tax purposes. Directly influencing the timing and extent of this future liability, however, are additional deductions available from continuing exploration and development investment which initially result in further deferment of any tax liability and thereafter materially reduce the annual amount of taxes actually payable. For these reasons deferred taxes have been provided for at rates less than those in effect under present taxation legislation, but which, it is estimated, should adequately provide for all income taxes payable by the companies for the period from inception into the foreseeable future. Such amounts are credited to "Deferred Income Taxes" and will be taken into income of future years as and when income taxes payable are in excess of then current provisions. If the companies had provided for deferred taxes on the basis of full tax rates for all timing differences between taxable income and reported income, such provisions would have been increased by approximately $880,000 ($880,000 in 1968) and cumulative deferred income taxes would have been approximately $7,700,000 greater.

6. Statutory Information

(a) Direct remuneration paid during 1969 to directors and senior officers (as defined by The Ontario Securities Act) totalled $169,325, of which $92,951 was paid to directors as directors and officers of the companies.

(b) Accumulated depletion and depreciation as at December 31, 1969 is as follows:

Depletion of petroleum and natural gas properties	$19,762,000
Depreciation of plant, production and other equipment	3,233,000
	$22,995,000

TEN-YEAR STATISTICAL SUMMARY

	1969	1968	1967
FINANCIAL			
Revenue	$ 9,433,000	9,102,000	8,852,000
Operating expense	$ 2,321,000	2,164,000	2,030,000
General and administrative expense	$ 169,000	153,000	171,000
Interest expense	$ 359,000	263,000	271,000
Cash generated from operations	$ 6,584,000	6,522,000	6,380,000
Per share	$ 2.06	2.04	2.00
Net earnings, after deferred income tax provision	$ 3,636,000	3,307,000	3,274,000
Per share	$ 1.14	1.04	1.02
Dividend declared	$ 1,278,000	1,278,000	1,278,000
Per share	40¢	40	40
Working capital	$ 6,974,000	903,000	667,000
Long-term debt	$ 3,421,000	4,349,000	3,768,000
Shares outstanding	3,195,614	3,194,739	3,194,364
Shareholders' equity per share	$ 15.35	14.61	13.98
RESERVES, Proved			
Crude oil, net barrels	38,762,000	38,508,000	30,575,000
Natural gas liquids, net barrels	10,809,000	11,262,000	9,801,000
Natural gas, net millions of cubic feet	319,000	302,000	337,000
Sulphur, net long tons	394,000	408,000	466,000
PROPERTIES			
Acres, gross	14,203,000	14,519,000	11,113,000
net	5,405,000	7,740,000	6,753,000
PRODUCTION			
Oil and gas liquids, net barrels	3,029,000	2,890,000	2,783,000
Daily average	8,299	7,896	7,624
Average wellhead price per barrel	$ 2.43	2.45	2.45
Natural gas, net millions of cubic feet	8,581	8,539	8,063
Daily average	24	23	22
Average wellhead price per Mcf	18.0¢	18.2	18.5
Sulphur sales, net long tons	12,700	11,500	11,200
Average price per long ton	$ 23.46	37.33	36.89
NET WELLS			
Oil	305	294	281
Gas	42	40	36
EMPLOYEES AND SHAREHOLDERS			
Number of employees	124	113	108
Number of shareholders	1,972	2,071	2,231

1966	1965	1964	1963	1962	1961	1960
,165,000	8,311,000	6,527,000	5,411,000	2,933,000	2,824,000	2,497,000
,913,000	1,742,000	1,168,000	908,000	478,000	406,000	388,000
202,000	201,000	349,000	341,000	140,000	122,000	86,000
267,000	270,000	92,000	215,000	201,000	257,000	260,000
,783,000	6,098,000	4,918,000	3,947,000	2,114,000	2,039,000	1,763,000
1.83	1.93	1.63	1.32	1.58	1.65	1.71
,811,000	2,997,000	2,670,000	2,276,000	1,274,000	1,168,000	988,000
.89	.95	.88	.76	.95	.95	.96
,103,000	1,103,000	907,000	—	—	—	—
35	35	30	—	—	—	—
608,000	(321,000)	1,999,000	9,102,000	6,884,000	5,465,000	3,613,000
,778,000	3,549,000	—	4,656,000	4,940,000	5,205,000	6,488,000
,151,864	3,151,864	3,023,064	3,001,314	1,341,092	1,236,092	1,033,442
13.39	12.84	12.34	11.77	11.50	10.14	8.05
,325,000	29,012,000	20,594,000	20,068,000	11,167,000	11,117,000	12,229,000
,243,000	9,924,000	9,698,000	8,905,000	8,896,000	8,928,000	8,137,000
329,000	323,000	310,000	269,000	189,000	171,000	158,000
478,000	380,000	306,000	—	—	—	—
,586,000	9,014,000	8,029,000	5,698,000	2,044,000	899,000	991,000
,972,000	6,672,000	6,035,000	4,239,000	1,638,000	627,000	716,000
,834,000	2,849,000	2,176,000	1,775,000	1,011,000	1,095,000	993,000
7,764	7,805	5,944	4,862	2,771	3,000	2,713
2.41	2.45	2.46	2.48	2.50	2.37	2.34
6,818	6,656	4,902	3,970	1,068	229	—
19	18	13	11	3	1	—
17.8	17.6	17.7	18.0	16.4	13.3	—
6,900	8,900	700	—	—	—	—
17.79	12.75	8.64	—	—	—	—
280	284	196	189	80	92	91
32	32	31	27	14	9	8
106	94	94	81	60	62	61
2,350	2,195	1,918	1,958	2,319	2,423	2,697

GREAT PLAINS

Development Company of Canada, Ltd.
a Dominion Company incorporated in March, 1950

Head Office

736 8th Avenue S.W., Calgary 2, Alberta

DIRECTORS

NORMAN J. ALEXANDER
Winnipeg, Manitoba
Managing Partner,
Richardson Securities of Canada.

WILLIAM A. ARBUCKLE
Montreal, Quebec
Chairman, Canadian Board of
The Standard Life Assurance Company.

T. HOWARD ATKINSON
Montreal, Quebec
Retired Vice-President and General Manager,
The Royal Bank of Canada.

ROBERT F. BUCHANAN
Calgary, Alberta
Financial Vice-President of the Company.

RANALD H. MACDONALD
New York, N.Y.
Consultant,
Dominick & Dominick, Incorporated.

JOHN K. McCAUSLAND
Toronto, Ontario
Vice-President and Director,
Wood Gundy Securities Limited.

DAVID E. MITCHELL
Calgary, Alberta
President of the Company.

FREDERICK L. MOORE
New York, N.Y.
Vice-President,
Kidder, Peabody & Co. Inc.

ROBERT P. SMITH
London, England
Chairman of the Board,
The Burmah Oil Company Limited.

JOHN F. STRAIN
London, England
Deputy Chairman and Director,
The Burmah Oil Company Limited.

KENNETH V. STRINGER
London, England
Director,
Burmah Oil Trading Limited.

H. ROBERT TAINSH
London, England
Director,
The Burmah Oil Company Limited.

NICHOLAS J. D. WILLIAMS
London, England
Managing Director,
The Burmah Oil Company Limited.

OFFICERS

DAVID E. MITCHELL, President

ROBERT F. BUCHANAN, Financial Vice-President

DENNIS H. SCOTT, Secretary

EDWARD A. EARLE, Assistant Treasurer

Registrars and Transfer Agents

MONTREAL TRUST COMPANY
Montreal, Toronto, Winnipeg,
Regina, Calgary, Vancouver

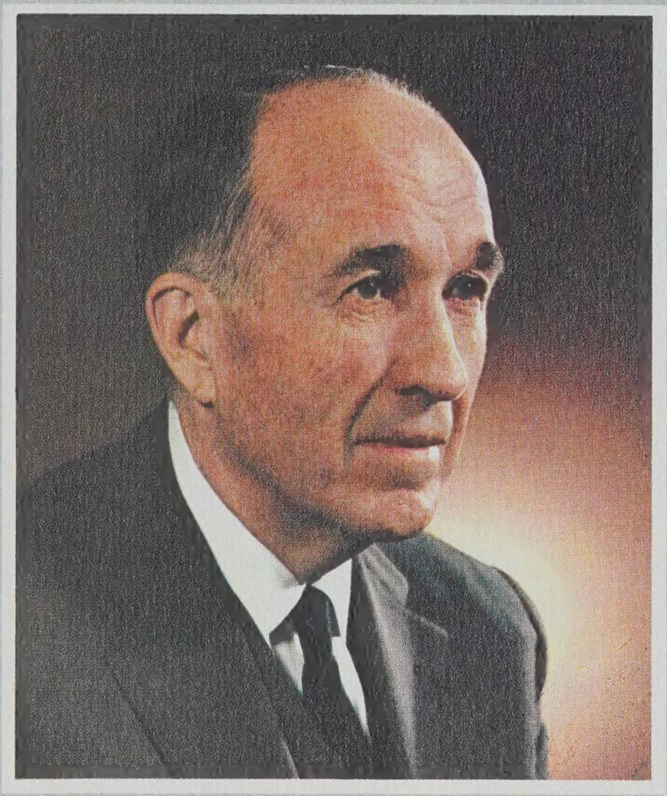
THE BANK OF NEW YORK
New York, N.Y.

Auditors

RIDDELL, STEAD & CO.
Calgary

Stock Listed

TORONTO STOCK EXCHANGE

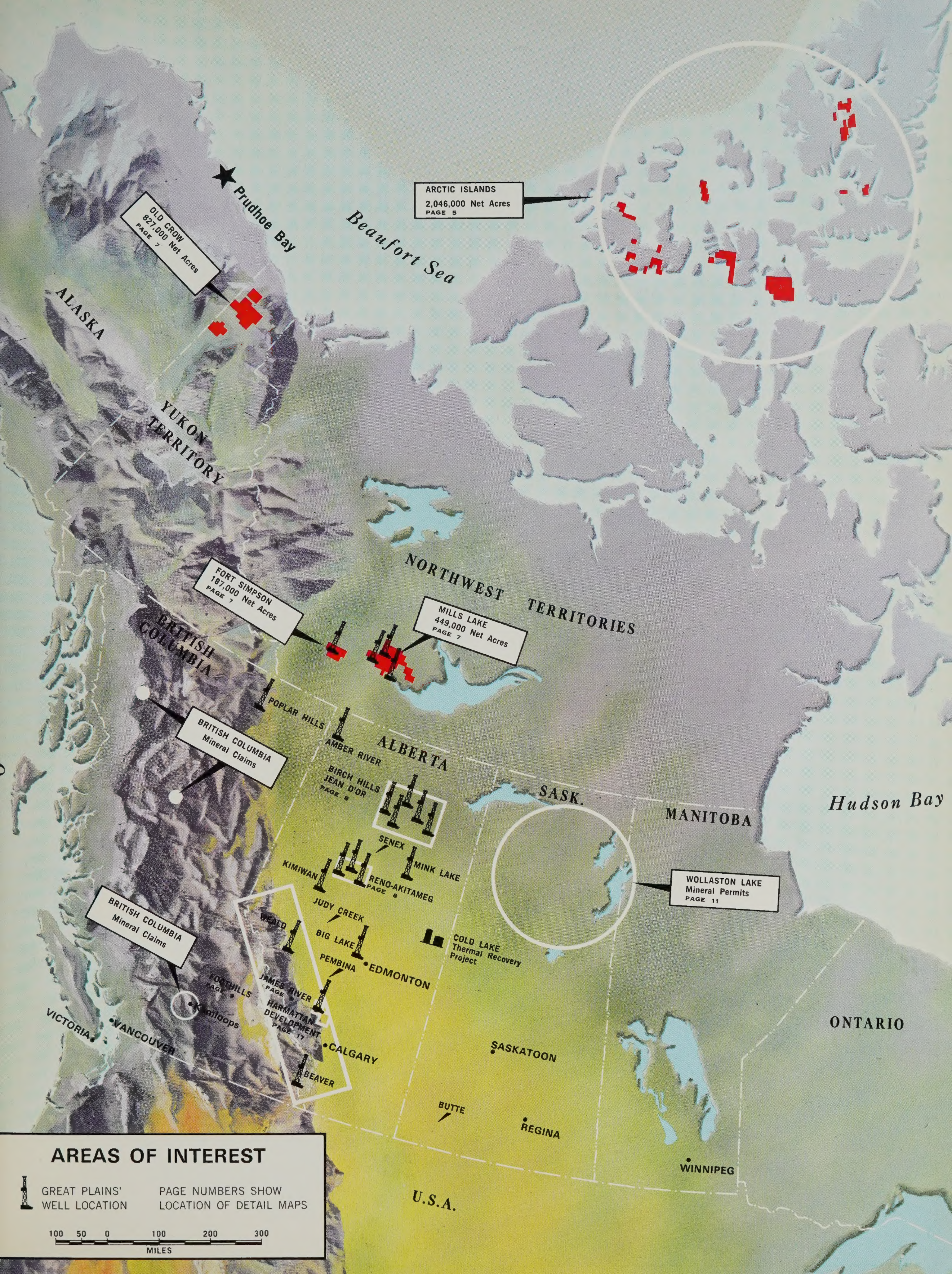


Lewis Winslow MacNaughton

It is with a feeling of deep loss that we record the death on February 26, 1969 of Lewis Winslow MacNaughton.

A founder of Great Plains, Mr. MacNaughton served as President of the Company for 14 years, and Chairman of the Board for the last 5 years.

The recognition that Great Plains has gained in the oil industry and the success it has achieved is attributable in large measure to the dedicated efforts and guidance of "Mac", as we knew him through the years. A man of outstanding ability, with high principles and integrity, his memory will continue to guide and inspire those, both within and without the Company, who were privileged to be associated with him.


Prudhoe Bay
Beaufort Sea
OLD CROW
827,000 Net Acres
PAGE 7
ARCTIC ISLANDS
2,046,000 Net Acres
PAGE 5
ALASKA
YUKON TERRITORY
NORTHWEST TERRITORIES
FORT SIMPSON
187,000 Net Acres
PAGE 7
MILLS LAKE
449,000 Net Acres
PAGE 7
BRITISH COLUMBIA
POPLAR HILLS
BRITISH COLUMBIA
Mineral Claims
AMBER RIVER
ALBERTA
BIRCH HILLS
JEAN D'OR
SASK.
MANITOBA
Hudson Bay
SENEX
MINK LAKE
KIMIWAN
RENO-AKITAMEG
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WOLLASTON LAKE
Mineral Permits
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BRITISH COLUMBIA
Mineral Claims
JUDY CREEK
WEALD
BIG LAKE
COLD LAKE
Thermal Recovery
Project
PEMBINA
EDMONTON
FOOTHILLS
JAMES RIVER
Kamloops
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CALGARY
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BUTTE
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AREAS OF INTEREST
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100 50 0 100 200 300
MILES
U.S.A.

GREAT PLAINS

Development Company of Canada, Ltd.

20th ANNUAL REPORT 1969